



It's Your Business

April 2004

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Increased SBA 7(a) Lending Authority 504 Loan Program Reauthorized & SBAExpress Limit Raised to \$2 million

President George W. Bush signed legislation that will increase loan authority for the U.S. Small Business Administration's flagship 7(a) loan program by more than \$3 billion. The 30 percent increase in small business loans for the current year will allow the SBA to lift a three-month-old cap of \$750,000 on 7(a) loans and drop restrictions on piggyback loans.

"The President's action will allow the SBA and small businesses the opportunity to get down to the business of financing growth and creating jobs for the U.S. economy," said SBA Administrator Hector V. Barreto. "I believe we can expect another record-breaking year for the SBA's flagship 7(a) loan program, and another historic year for America's small businesses."

The new law increases the 7(a) program's lending authority for this year to \$12.5 billion, allowing the program to reach up to 90,000 small businesses in fiscal year 2004, creating or retaining up to 500,000 jobs for hard-working Americans.

The legislation also allows the SBA to immediately remove the \$750,000 cap on 7(a) loans, returning it to its previous \$2 million level. The bill also raises the maximum on SBAExpress loans to \$2 million and allows the SBA to raise the maximum guaranty on loans up to \$2 million to 75 percent. Piggyback loans will once again be allowed. (See page 8 for fee changes.)

The legislation reauthorizes the **504 loan program** and sets authorization levels for the Small Business Investment Company program through the end of the fiscal year. The bill also guarantees that the SBA's Small Disadvantaged Business and Preferred Surety Bond programs will remain in continual service through June 4, 2004.

SAVE THE DATE Massachusetts SBA 2004 Small Business Week Awards Breakfast June 10, 2004

Congratulations to the Massachusetts 2004 **Small Business Person of the Year**, Larry O'Toole, president of Gentle Giant Moving Co., Inc., and to Jim Crosby, president of Crosby's Markets, Inc. the **Massachusetts, New England** and **National SBA Entrepreneurial Success Award winner** for 2004, as well as to all of our award winners.

O'Toole and Crosby will be honored along with the eight other award recipients at an awards breakfast presented by SCORE in cooperation with the Boston Business Expo at the Hynes Auditorium in Boston on Thursday June 10, 2004 at 8:00 a.m. Watch for your invitation. (See complete listing of award winners on page 2.)

2004 Massachusetts Small Business Award Winners

MASSACHUSETTS SMALL BUSINESS PERSON OF THE YEAR

Larry P. O'Toole

President

Gentle Giant Moving Company, Inc., Somerville

NATIONAL, NEW ENGLAND AND MASSACHUSETTS Entrepreneurial Success Award winner

James G. Crosby

President

Crosby's Markets, Inc., Salem

Financial Services Advocate

Mark E. Collins

Executive Vice President

Banknorth, North Andover

Home-based Business Champion – Massachusetts & New England winner

Elaine L. Abramo

President

Homebased Business Women's Network, Inc.

Salem

Minority Small Business Champion

Maria Carmen Cintron

President

Latino Resources Network, Haverhill

SBA Family-Owned

Small Business of the Year

Eric W. Harper, President

Union Machine Co. of Lynn

Groveland

Small Business Journalist

Cromwell Schubarth

Financial Editor

Boston Herald, Boston

Women in Business Champion

Andrea C. Silbert

CEO & Founder

Center for Women & Enterprise

Boston

Veteran Small Business Champion – Massachusetts & New England winner

William R. Picard

Co-founder Northeast Veteran-Owned Business Network, Worcester

Young Entrepreneurs

MacGregor B. Hay, President

Alexander Hay, Vice President

Wellfleet Harbor Seafood Co., Inc.

d/b/a Mac's Seafood, Wellfleet

Calendar of Events

April 21 Alliance New England

- SBA workshops
- MatchMaking meetings
- Trade show
- E-Source Center

To register, go to:

www.allianceforbiz.com.

SBA Days – come learn about SBA programs and services at the following locations:

4/21 – SBA Office – 10 Causeway Street, Room 265, Boston, from 2:00 – 4:00
Contact: Pauline Swanson at 617- 565-5615

4/22 – Greater Lowell Chamber of Commerce @ 144 Merrimack Street, 10:00 a.m. – 1 p.m.
Contact: Lisa Gonzalez at (617)565-5588

4/22 – South Shore Business Information Center, 200 Poccaset Street, Fall River 2:00 – 5:00 p.m.
Contact: Donna O'Connor at 617-565-5607

Overview of SBA Programs and Services

4/27: SBA office in Boston @ 10 Causeway St.
Contact: Anna Outerbridge at 617- 565-8510

Littleton-based Lasertone Corporation benefits from tax cuts for small businesses.

Left to right: Lasertone employees Andrea Soderstrom, Karen Anderson, Nancy Connolly, Lasertone President & CEO, Jeff Butland, SBA New England Regional Administrator, and Lasertone employees Eloina Faria, Nerys Ortiz and Brenda Landry.





Join us at the U.S. Small Business Administration's SBA Expo '04 in Orlando May 19-21. Learn cutting-edge business practices; take advantage of procurement opportunities and network!

The annual celebration honoring the nation's leading small business entrepreneurs will be held in Orlando, Fla., May 19-21, 2004, at the Orange County Convention Center. Highlights of the event, co-sponsored by SCORE, include the announcement of the National Small Business Person of the Year, a business expo, seminars, a business matchmaking event, and award ceremonies honoring women entrepreneurs and state and national small business winners. Registration and exhibitor information are available at www.sba.gov/50. The Massachusetts event will be held at the Boston BusinessExpo at the Hynes Convention Center in Boston on June 10.

CONFERENCE HIGHLIGHTS:

BUSINESS SESSIONS

- Show Me the Money! Funding your growing business
- Tomorrow Is Today: Trends in small business
- The Balancing Act: Managing your business in a dynamic economy
- Connecting to the Government Marketplace
- Marketing Strategies: A tool kit for surviving and thriving
- The International Marketplace: Opening the door to a world of opportunities.

BUSINESS MATCHMAKING

A unique and valuable way for small businesses to meet one on-one with public and private organizations for procurement opportunities.

EXPO FLOOR

Up to 400 exhibitors from both the public and private sector will be participating to provide information as well to conduct business with YOU.

CHECK OUT OUR NEW DAILY PRICING

\$125, Wed. 5/19 \$150, Thur. 5/20 \$150, Fri. 5/21

Take advantage of our full registration of \$325 by registering by April 17.

[Complete schedule and event information](#)

Plus

Join us at special events at Disney!

Au Revoir to our Departing Co-workers



Three Massachusetts SBA employees will retire in April along with two former Massachusetts' employees. Cris Davis departed in March. Between them they accumulated 194 years of institutional knowledge which they shared freely with all of us. They will be missed.

Harry Webb began his federal career in 1973 with ACTION. He transferred to the SBA in 1982 where he began his SBA service as a business development specialist in the Holyoke office. Harry was promoted to branch manager of the Springfield SBA office in 1985, where he was responsible for all SBA activity in western Massachusetts.



Phil Vitiello began his career with SBA in 1967 as part of an agency recruitment program. He started out at headquarters in Washington, D.C. and later was placed in the Boston office as a staff attorney. In 1980, he was named district counsel and was appointed as Assistant United States Attorney with responsibility for handling SBA litigation in Massachusetts independent of the U.S. Attorney's Office. Phil worked on several national legal initiatives, including the initiatives to streamline the agency regulations and to develop a comprehensive ethics SOP.



Horace (Hank) Cammack joined SBA as a staff attorney in February, 1974. Hank says that he especially enjoyed portfolio management and liquidation work, so much so that he volunteered on three separate occasions to fill in as acting chief of portfolio management. Hank was designated a Special Assistant U. S. Attorney about 15 years ago, permitting him to appear in court on behalf of the agency. During the latter part of his career, he served as the district veterans business development officer and conducted about 15 seminars throughout eastern Massachusetts.



Christina Davis joined SBA as a staff attorney in 1984 where she served until this March. Her preferred activity was closing 504 loans. Over the years, Cris served on many committees, both internal and external, and was most recently an active member of the Greater Boston Federal Executive Board Diversity Committee. Cris was designated a Special Assistant U.S. Attorney.



Former Massachusetts' SBA Employees

Richard Tomeo started out with SBA in 1969 in Washington, D.C. as an industrial specialist. He transferred to Boston in 1971 where he worked as a management assistance officer. He was promoted to assistant district director for management of assistance and then went on to serve in a number of capacities. Richard served as assistant district director for finance and investment, acting deputy regional administrator, special assistant to the regional administrator, and deputy district director in Massachusetts and in Rhode Island.



Marie Record began her SBA career as a clerical worker and holds the honor of being the first woman loan officer in the agency. Over the years she has worked in various acting and supervisory positions in Massachusetts and in New England. Marie rose to the challenge of many assignments including acting regional administrator, overseeing all economic development in New England, the implementation of the New England Recovery Program, and the pilot revolving line of credit program, both of which became national models. Marie was appointed district director of the Connecticut SBA office in 1998.

Atkins Farms Grows to Next Level with SBA 504 Loan



SBA Lender Update Subscription Available

SBA lending partners may receive *SBA LENDER UPDATE* via e-mail by subscribing online. The updates are messages that contain breaking news about SBA lending programs.

The updates will not replace any existing communication channel for lenders. To subscribe simply go the following website:
www.sba.gov/banking/listserv.html.

Subscribers will receive an e-mail confirmation, which they must respond to within 48 hours

504/CDC Update

New CDC – Dorchester Bay Neighborhood Loan Fund, Inc.

Accredited Lender Program (ALP) renewal - Massachusetts Certified Development Company renewed until 4/9/06.

NEW PLP Lenders

The following lenders are now approved preferred (PLP) lenders in Massachusetts:

Bank of America
Branch Banking & Trust

Atkins Farms was founded in 1887, when George H. Atkins came to South Amherst and planted the state's first McIntosh trees. Over the years, the orchards were expanded and during the earlier years, the Atkins family sold most of their apples wholesale, all within a radius of 100 miles of the orchards.

In the 1950s, Howard Atkins started selling apples out of the garage near the family home, and then from the cold-storage building and cider mill he built. The very first retail building (and the present location) was constructed by Howard at the corner of Rte. 116 and Bay Road in Amherst in June of 1962. The steel-framed, one-story building, with five overhead garage doors to allow trucks to be driven in for the winter months, cost almost twice the original estimate of \$8,000!



The apple business has seen its ups and downs since the company was founded 120 years ago. As a result, the Atkins management team changed direction several times. When the wholesaling of apples became unprofitable, the company focused on retailing their product and planting more, newer varieties of apples. When Atkins wanted to increase their wholesale marketing, they planted new orchards for more volume. Most recently, in order to streamline production and concentrate on growing the best quality fruit for their own retail customers, the farm downsized its apple orchards from 250 to 60 acres and now primarily grows apples for its own retail store.

Pauline Lannon, current president, came to work at Atkins Farms in 1963, just one year after the original store opened. She said, "Working together, Howard and I gradually added more retail fruits and vegetables and then cautiously added other products such as pies. My responsibilities grew along with the business and, when we incorporated in 1969, I was able to buy stock along with a co-worker, Harold Gould. Harold joined the company in 1969 and is manager and vice president today." Two additional owners are David Thornton and Paul Hodgkins. David is assistant manager, office manager and comptroller. He started out as a stock clerk/cashier in the late 1970's. Paul, who began his employment with the company in 1987, is now the assistant store manager.

In 1995, the team decided it was time for a major renovation and 9,000 square foot addition. Their lender at the Bank of Western Massachusetts suggested that they consider the U.S. Small Business Administration's Certified Development Company/504 loan program. The usual structure for SBA's 504 program is: 50% bank financing, 40% SBA financing at a fixed rate with the owner required to inject just 10% in most cases. Financing is available to purchase commercial real estate and capital equipment.

Elizabeth Trifone, president of Wakefield-based Massachusetts Certified Development Company, one of SBA's most active 504 loan agents, took the lead in coordinating a financing package. The Bank of Western Massachusetts, another active SBA participant, provided a first mortgage and MCDC/SBA provided a second mortgage to complete the financing package.

Atkins Farms is a true SBA success story. Pauline Lannon says, "the 1995 addition/renovation seemed to take us over the hump of never seeing ends meet, of not having confidence in the future. We were busy and had many customers in those early years; however, we were not very profitable because the business was so seasonal. Now, new departments like meat and seafood have helped to make Atkins a one-stop store." The management team has expanded sales at Atkins to the point where revenues exceeded \$10 million in 2003, up from just over \$4 million when the loan was approved in 1995. The company employs 80 full-time people and 70 part-time, up from 55-70 in 1995.

Today, Atkins Farms offers a full line of fresh produce, a deli, catering, prepared dishes-to-go, a full-service florist, a from-scratch country bakery, fruit and specialty gift baskets, a meat and seafood market and an ice cream and juice stand.



Help is Available to Massachusetts Small Businesses Negatively Impacted by Comanche Program Cancellation

The Massachusetts Small Business Development Center Network (MSBDC) is available to offer assistance to companies negatively impacted by the recent cancellation of the Army's Comanche Helicopter program. This assistance, provided at no cost through the MSBDC's Defense Economic Transition Assistance (DETA) Program.

SBDC officials predict that the impact of this cancellation will be far reaching. Not only are direct prime contractors affected, but also second and third tier subcontractors in a variety of industries. It is their hope to help small businesses weather this downturn.

The DETA program also provides business technical assistance to individuals in Massachusetts affected by these changes. Comprehensive business counseling and entrepreneurial training is available to individuals who have been laid off by a defense contractor, subcontractor or a military agency and who are looking to start their own businesses.

The DETA program offers no-cost technical assistance to businesses in areas such as commercial market research and strategy, low interest loan packaging, export assistance, and government market expansion. Counselors are available at the MSBDC's eight centers and 48 outreach sites throughout the state.

Companies impacted by this cancellation, or by other shifts in defense spending that wish to take advantage of the program should register for assistance at the program's website: <http://www.msbdc.org/deta>.

Procurement Opportunities Guide: An Entrepreneur's Guide to Selling to Governments and Corporations

SBA is distributing a new publication - *Procurement Opportunities Guide: An Entrepreneur's Guide to Selling to Governments and Corporations* - published by Braddock Communications in cooperation with MasterCard International.

The new guide is designed to provide small business owners with a comprehensive source of information to effectively market and sell to the federal government and large corporations in light of recent market developments. Contact SBA at 617-565-5590 for a copy.

National Guaranty Purchase Center Web Page

A web page has been established for the National Guaranty Purchase Center located in Herndon, Virginia.

- The address to access the web page is <http://www.sba.gov/banking/herndon.html>. The web site will be modified and items (such as the Purchase and Liquidation Process) will be added to and/or updated in the near future.
- You may e-mail the center at sbapurchase@sba.gov for issues relating to guaranty purchases, or loanresolution@sba.gov for general liquidation issues.
- Questions or concerns may also be faxed to 202-481-4674.
- For urgent issues, you may call 703-487-9283.

Women Entrepreneurs Descend Upon Beacon Hill for 4th Annual State House Day



The Center for Women & Enterprise held its fourth annual **State House Day: Women Business Owners – Leading the Economic Recovery**, on Tuesday, March 23, bringing together hundreds of CWE clients and state legislators to highlight women entrepreneurs' contributions to the Commonwealth's economy.

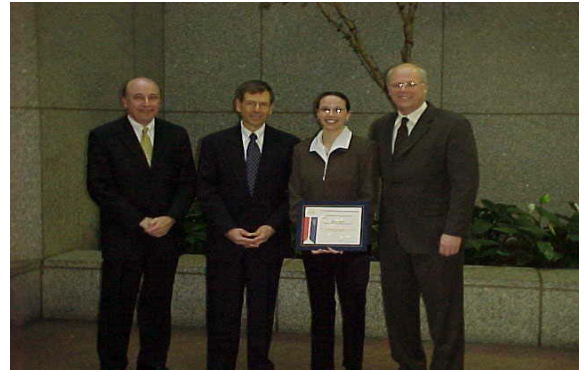
Small businesses have always helped the state grow out of recession, and women are starting over 60% of all new businesses in the U.S. Established in 1995, the Center for Women & Enterprise (CWE) is a nonprofit organization that has helped 7,500 women fuel economic growth through entrepreneurship. As one of the largest entrepreneurship centers in New England, its offices in Massachusetts and Rhode Island provide programs and services tailored to meet the needs of each new or current business owner. Since its founding, CWE has helped to create more than 4,000 new jobs and \$150 million in wages.

Lenders' Update Held in Boston in March

Sixty lenders attended the quarterly lenders' meeting in Boston on March 31, 2004. Lenders were briefed on SBA's Scorecard, the advantages of the 504 loan program, SBA transformation plans, and our emphasis on marketing and outreach to communities throughout the commonwealth. Jaimye Hebert, Credit Analyst and SBA Lending Specialist at the Bank of Western Massachusetts, was given *SBA's Lender of the Quarter* award because of her commitment to SBA lending.

Jaimye Hebert, Bank of Western Massachusetts, wins *SBA Lender of the Quarter* award.

Left to right: James Carvalho, Vice President, Bank of Western Massachusetts, Harry Webb, SBA, Jaimye Hebert, Jeff Butland, SBA Region I Administrator



New Boston SCORE Initiative

The Boston SCORE chapter will offer a series of workshops to assist existing and potential small businesses in Somerville in cooperation with the city of Somerville, through the Office of Housing and Community Development.



The first workshop, *How to Start a Small Business*, will be held on Tuesday, April 20, 2004 at the VNA Assisted Living Facility, 259 Lowell Street, Somerville, MA 02144 from 6:30-8:30p.m. Additional workshops will be held on a quarterly basis in a variety of locations throughout the city.

SCORE counselors, who have all run successful businesses, will facilitate each workshop and will bring a depth of experience in all facets of business development. Drop-in clinics will also be organized to provide free one-on-one support to those unable to attend any of the workshops. For more information, or to pre-register, call Carrie E. Sousa Project Manager, OHCD, City of Somerville, telephone: 617) 625-6600, extension 2500, e-mail: csousa@ci.somerville.ma.us.

SBA Loan Legislation (Continued from page 1)

All of the changes to SBA's 7(a) and 504 Loan Programs were effective on April 5, 2004 and expire on September 30, 2004, unless extended by subsequent legislation. (See SBA Policy Notice 5000-915 on the SBA's site for bankers at www.sba.gov/banking.)

Guarantee and Annual Fees

1. If the commercial loan has a senior credit position to the 7(a) loan, a one-time fee equal to **0.7 percent of the amount of the commercial loan** is to be paid to SBA. This fee shall be paid by the SBA participating lender, and must be remitted when the up-front guarantee fee is paid. This fee may not be passed on to the borrower. If the commercial loan is in a shared lien (sometimes known as *pari passu*) or subordinate lien position to the 7(a) guaranteed loan, this one-time fee does not apply.
2. The on-going annual fee on all loans approved on or after April 5, 2004 and through and including September 30, 2004, is **increased to 0.36 percent** from the 0.25 percent previously allowed under section 7(a)(23) of the Act.
3. For loans approved on or after April 5, 2004 and through and including September 30, 2004, lenders **are not permitted to retain 25 percent** of the up-front guarantee fee on loans with a gross amount of \$150,000 or less (as previously allowed under section 7(a)(18)(B) of the Act), but rather must remit the full amount to SBA.
4. For loans approved on or after April 5, 2004 and through and including September 30, 2004, an additional up-front guarantee fee equal to **0.25 percent of the amount by which the guaranteed portion of the loan exceeds \$1 million**, must be paid to SBA.

Top 7(a) Lenders from 10/1/03 – 3/31/04

	LENDER NAME	GROSS AMOUNT	LOANS
1	Citizens Bank	\$33,366,100.00	698
2	Fleet National Bank	\$5,555,500.00	128
3	Banknorth, National Association	\$6,111,200.00	84
4	Capital One Federal Savings Bank	\$2,935,000.00	73
5	Sovereign Bank	\$4,529,600.00	50
6	Eastern Bank	\$5,147,900.00	33
7	Danvers Savings Bank	\$3,828,800.00	28
8	Bank of Western Massachusetts	\$2,216,800.00	27
9	CIT Small Business Lending Corporation	\$11,446,000.00	22
10	Enterprise Bank and Trust Company	\$2,523,000.00	21
11	South Shore Savings Bank	\$1,250,000.00	15
12	Independence Bank	\$4,165,000.00	13
13	Greylock F.C.U.	\$693,700.00	10
14	Abington Savings Bank	\$523,000.00	9
15	Legacy Banks	\$820,000.00	9
16	First Federal Savings Bank of America	\$1,203,500.00	8
17	Business Lenders, LLC	\$1,091,300.00	7
18	Greenfield Co-operative Bank	\$260,000.00	7
19	Florence Savings Bank	\$682,000.00	6
20	Heritage Co-operative Bank	\$1,065,800.00	6
21	UPS Capital Business Credit	\$3,130,000.00	6
22	Flagship Bank and Trust Company	\$584,000.00	5
23	Home Loan and Investment Bank, F.S.B.	\$2,230,000.00	5
24	Wachovia SBA Lending, Inc.	\$2,674,500.00	5

For complete 3/31/04 Bank Ranking, go to:
<http://www.sba.gov/ma/loanvolume04.html>

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